

Public Service Commission of Wisconsin

Rebecca Cameron Valcq, Chairperson
Ellen Nowak, Commissioner
Tyler Huebner, Commissioner

4822 Madison Yards Way
P.O. Box 7854
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December 1, 2021

Mr. Michael J. Queensland, Chief Clerk
Wisconsin State Senate
P.O. Box 7882
Madison, WI 53707-7882

Mr. Ted Blazel, Chief Clerk
Wisconsin State Assembly
17 West Main Street, Room 401
Madison, WI 53703

Dear Messrs. Queensland and Blazel:

Enclosed is the report of the Public Service Commission of Wisconsin (Commission), entitled “*Energy Efficiency and Renewable Resource Program Activities in Wisconsin, January-December 2020.*” Wisconsin Stat. § 196.347 requires the Commission to send a summary to the legislature and to post the full report on the Commission’s internet site on the following programs: the statewide energy efficiency and renewable resource program (*Focus on Energy*), and municipal utility and electric cooperative programs. In addition, this report includes information on the Voluntary Utility Programs as well as the Department of Administration’s Home Energy Assistance Program (Weatherization) in order to provide a more complete picture of state energy efficiency activities.

During the 2020 program year, Focus on Energy assisted over 1,152,950 business and residential customers across the state to reduce their energy waste. The customer satisfaction score for Wisconsinites participating in the program reached an all-time high of 9.4 on a 10-point scale. Finally, during the pandemic, the online marketplace netted 32,594 new customers seeking to improve the energy efficiency of their homes.

Just as importantly, at current funding levels, for every dollar spent the program delivered \$4.32 in economic and non-economic benefits to Wisconsin homeowners and businesses. The full report for the January-December 2020 contract period can be found on the Commission’s web site:

<https://psc.wi.gov/Pages/Regulatory/FocusReport.aspx>.

Should you have any questions, please contact Jolene Sheil of Commission staff at (608) 266-7375 or jolene.sheil@wisconsin.gov.

Sincerely,

Rebecca Cameron Valcq, Chairperson
Public Service Commission of Wisconsin

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Public Service Commission Report to the Legislature:

**Summary of Energy Efficiency and Renewable Resource Program
Activities in Wisconsin**

January–December 2020

This summary provides information on the following: 1) 2020 verified gross lifecycle savings results for Focus on Energy (Focus); 2) 2020 audited revenue and expenditures by category for Focus; and 3) the municipal and electric cooperative summary for Commitment to Community Programs (CTC); For the full report, visit the Commission website at: <https://psc.wi.gov/Pages/Regulatory/FocusReport.aspx>

1. EFFECTIVENESS OF FOCUS PROGRAMS IN REDUCING DEMAND FOR ELECTRICITY AND INCREASING USE OF RENEWABLE RESOURCES OWNED BY CUSTOMERS

2020 was the second year of the third Quadrennium (2019-2022) and some of the highlights include:

- For every dollar invested in energy efficiency, Focus provided \$2.43 in benefits; when economic benefits are added, the benefits increases to \$4.32.
- Customer satisfaction levels are high and continue to increase. Across all Focus programs, customer satisfaction was measured at 9.4 on a 10-point scale.
- The online marketplace served 32,594 new customers in 2020.

Verified Gross Lifecycle Energy Savings: January 1-December 31, 2020

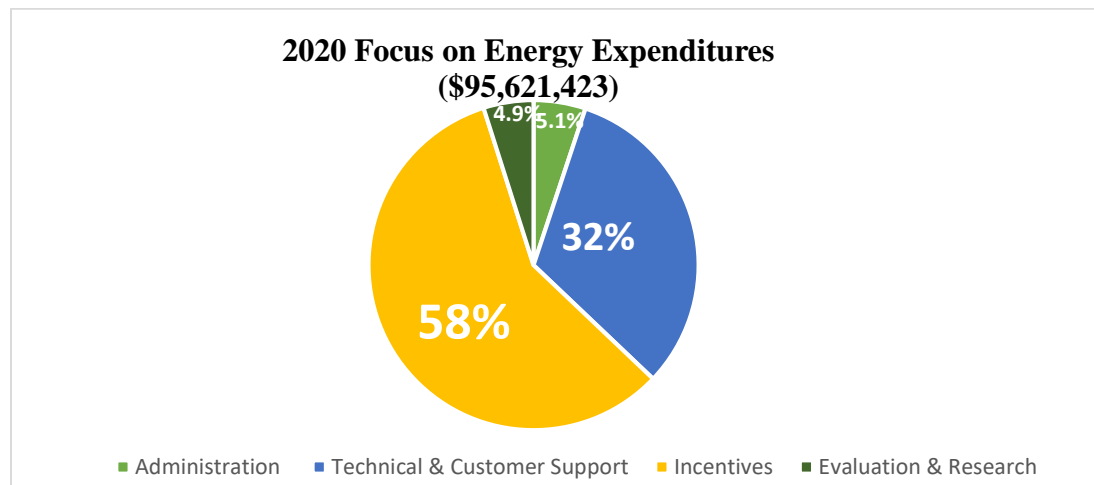
Portfolio	Participants	Verified Gross kWh*	Verified Gross kW*	Verified Gross Therms*	MMBtu	Benefit Cost Ratio
Non-Residential	4,999	6,866,908,785	65,004	259,226,228	49,352,516	2.78
Residential	1,147,211 ⁺	4,456,602,415	35,738	57,948,924	21,000,820	1.70
Midstream**	740	8,351,599	211	4,608,448	489,340	1.45
FOCUS TOTAL	1,152,950	11,331,862,799	100,953	321,783,600	70,842,676	2.43

⁺ This number includes 968,201 participants in the Retail Lighting and Appliance program.

^{*} Verified gross savings numbers are savings that have gone through an engineering review by evaluators to determine whether the reported gross savings were reasonable.

2. AUDITED 2020 REVENUES AND EXPENDITURES – FOCUS PROGRAM

Total revenues for 2020 were \$98,887,710. Program expenses for the 2020 period were \$95,621,423. The chart below illustrates expenditures for the Focus program as a whole in 2020.



The program expense categories are defined below:

- **Incentives** costs are cash incentives payable to Customers & Trade Allies and instant discounts received at point of purchase at participating retail locations.
- **Technical & Customer Support** costs include project identification, engineering calculation & modeling, inspection of installed projects, trade ally contractor outreach, technical training, and customer service.
- **Administrative** costs are not directly associated with a specific program activity but are necessary to the development and administration of programs, including record-keeping, payroll, accounting, auditing, billing, business management, budgeting and related activities, and overhead allocation, but do not include program evaluation.
- **Evaluation** costs are those associated with independently verifying program energy savings and supporting continuous program improvement through analysis of markets, technologies, and program operations. **Research** costs are those associated with energy efficiency and renewable research and screening of new solutions.

Expenses by portfolio were: Residential (\$35,791,756), Business (\$46,656,940), and Rural Programs (\$6,305,112). In any given program year, not all dollars contributed are expended and therefore “carry over” into the following program year. Carryover dollars from 2020 that carried over into 2021, totaled \$8,427,480. These funds were obligated back into programs in the 2021 calendar year.

3. MUNICIPAL ELECTRIC AND RETAIL ELECTRIC COOPERATIVE SAVINGS AND EXPENDITURES

Wisconsin Stat. § 196.374(7)(a) requires municipal utilities and retail electric cooperatives to collect an annual average of \$8 per meter for energy efficiency programs. The monthly fee may not exceed 1.5 percent of the total of every other charge for which the customer or member is billed for that month or \$375 per month, whichever is less. Each municipal utility or retail electric cooperative can choose to send the dollars collected to the Focus program or keep them and operate its own Commitment to Community (CTC) programs. Wis. Stat. § 196.374(7)(e) requires that an electric cooperative or municipal utility operating its own CTC program file a report that includes the following: 1) an accounting of fees charged to customers or members in the year, 2) expenditures on CTC programs, 3) a description of CTC programs established for the year, and 4) the effectiveness of the CTC programs in reducing demand for electricity by customers or members.

In 2020, 11 cooperatives, all 41 WPPI Energy (WPPI) municipal electric utilities, and all 41 non-WPPI municipal utilities sent their energy efficiency funds to Focus. CTC programs were operated by 13 retail electric cooperatives. CTC reports for these cooperatives can be found by visiting the PSC website: <https://psc.wi.gov> and typing in docket number 5-GF-177 on the E-Services Portal.

The energy savings estimates are calculated by the cooperatives and are not subject to the same evaluation procedures as the Focus savings. As a result, Commission staff cannot verify these CTC energy savings claims and does not recommend adding these savings to the Focus savings for the purposes of calculating statewide energy savings.